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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 006650

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TAGS: [PREL IS KPAL ISRAELI PALESTINIAN AFFAIRS](#) [PEACE PROCESS](#) [GAZA DISENGAGEMENT](#)

SUBJECT: SHARON: OPPORTUNITY FOR PEACE PROGRESS EXISTS, BUT PALESTINIANS MUST CONFRONT TERRORISM

Classified By: Ambassador Daniel C. Kurtzer for reasons 1.4(b) and (d).

1. (C) Prime Minister Sharon told Sen. Lieberman December 27 that he is confident of forming a new coalition government soon. He said the Left in Israel cannot implement disengagement and has never removed an Israeli settlement; and the Right is against disengagement and removal of settlements. Sharon emphasized he will proceed to implement disengagement without any change in the substance or timetable of the plan.

2. (C) While noting an opportunity for progress towards peace exists, Sharon pointed to continuation of Palestinian terrorism and the continued failure of Palestinian security forces to deploy to stop the violence. The successful conclusion of disengagement could pave the way back to the road map, Sharon said, but this will not happen if terrorism continues. "Israel will not negotiate under fire."

3. (C) Sharon complained about recent statements by Abu Mazen that sounded much like Arafat. Sen. Lieberman said that Abu Mazen had told him earlier in the day that he is new to politics. Abu Mazen was focused on the need to end violence and specifically mentioned that rockets and mortars must stop. Sharon commented that Israel does not expect Abu Mazen to be a Zionist, but steps need to be taken against terrorism. Israel is providing significant support to the Palestinians on elections.

4. (C) Asked about the situation following the elections, Sharon expressed the hope that Abu Mazen will be elected and expected to meet him soon. Sharon said he would raise with Abu Mazen the need to deal with security, an issue on which Israel would make no compromises. Second, Sharon would propose coordination between the Israeli and Palestinian security services regarding disengagement and would be prepared to coordinate other disengagement issues as well. Third, Sharon noted the importance of Palestinians' receiving financial support, particularly for infrastructure projects such as desalination, power stations, and housing for refugees so as to eliminate refugee camps. Finally, Sharon noted, if Israel can be free of its responsibility for Gaza--that is, if conditions permit Israel's withdrawal from the Philadelphi strip--then planning could begin for transportation networks between Egypt and Gaza and for a seaport and an airport.

5. (C) Sharon expressed particular concern about ongoing weapons smuggling to Gaza. Palestinians have brought in rocket-propelled grenades and several shoulder-fired surface-to-air missiles (Strellas, not Stingers). He said that Egypt is "doing something" but not enough in order to stop the smuggling. It is important that a secure climate be built in Gaza to attract foreign investment.

6. (C) Sharon said he knows that Abu Mazen wants to arrange a ceasefire and that if there is quiet, Israel will reciprocate with quiet. But a ceasefire alone is not enough. There must be a full cessation of terrorism, violence and incitement. Israel will not sit quietly if it comes under fire and will not accept the excuse that Abu Mazen needs time to get organized.

7. (C) Sen. Lieberman said that Abu Mazen listed his priorities with Israel as stopping the security wall, ending settlement activity, and seeking the gradual release of prisoners. In contrast, Saeb Erekat had told Lieberman that the priorities must be the creation of Palestinian jobs, an end of back-to-back cargo handling and the like. In response, Sharon emphasized again the importance of dismantling terrorist organizations according to the roadmap and in line with the plans developed by Tenet and Zinni. Commenting on Abu Mazen's priorities, Sharon listed his own priorities as follows:

--Palestinian refugees will not return to the State of Israel.  
--In accordance with the agreement reached with President Bush, heavily populated, major settlement blocs will be "connected" to Israel.  
--Israel will never negotiate over Jerusalem, its eternal capital, and there will be no negotiation leading to the division of Jerusalem. Sharon said he could consider handing over some Arab neighborhoods populated after the 1967 war, but stressed he would never hand over the Temple Mount, Mount of Olives or the City of David.

--Israel will continue to build the fence, which has already reduced Israeli casualties. In accordance with Israeli High Court decisions, Israel has also adopted policies to reduce Palestinian suffering.

--Israel is not building new settlements. The Jewish population in the West Bank (outside Jerusalem) is 250,000, and there are towns, schools and industry. Parts of the settlement blocs will stay in Israel's hands according to the agreement reached with President Bush.

18. (U) Senator Lieberman did not clear this message before his departure.

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